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Commercial Expansion.

GENTLEMEN OF THE CREDIT MEN'S ASSOCIATION:

I fully realize the honor there was in your invitation to address you, and the peril also that accompanied it. After some reflection I concluded that I could add neither to your wisdom nor to your happiness, and only on further solicitation of your members did I conclude that I would at least join you at your dinner.

I have always had a very high opinion of the wisdom of credit men. I have never been acquainted with many in my life, and so they exist for me as a sort of mysterious hidden dynamic attachment to great institutions, whose verdict is to be greatly feared by the weak and wicked, particularly the weak. I suppose that the selection of the occupation and the opportunities for such employment arise from a natural instinct in the individual to a very considerable extent, and that your best conclusions are the combination of the qualities of instinct and of intellect, and that it may be said of many of you that you have great "noses for credits." For the possession of the instinct you may be indebted to some of your earliest ancestors, and of this I had evidence on an occasion when I was walking upon a Chicago street in company with a friend who was engaged in the lumber business, and who was complaining to me that he found it difficult to employ competent credit men. Just at this juncture of our conversation we were opposite the window of a bird and animal store, in which there was a particularly intelligent looking monkey. I was very much interested in him, as I always am in those people. He was in a cage that evidently had not been cleaned in some time. He had, however, received his breakfast, thrown upon the bottom of the cage in the form of shelled peanuts, and was carefully using two faculties—sight and smell—in determining the edibility of the nuts which he gathered with his hand. He, however, became somewhat abstracted, and met our gaze with an interest no doubt equal to our own, and continued to look at us while he also continued the selection of the peanuts, and applying at that time only the one faculty, namely, that of smell, to their inspection before

eating. On one occasion he had evidently been unfortunate in his selection, and, still gazing at us, raised the object to his nose, but threw it away with such lightning speed as to indicate his extraordinary power of discrimination, and I said to my friend, "There is your credit man for you." Very much depends upon your judgment, and credits will be extended or restricted as you may determine, but as our relations to the commercial world are so rapidly enlarging, it will be necessary for you to also enlarge your knowledge of the other nations, and to weigh and measure the credits that may be extended, at least to our near neighbors, based upon an understanding of the moral and commercial lexicon of those countries. Our Latin-American friends have not exactly the same method of transacting business that we have. They believe that there are many things as important as the due date on a note, and in fact there are many excellent neighborhoods in which it is believed that gentlemen are never quite so particular. I have no doubt that you have already made a good start toward obtaining and classifying the knowledge necessary to meet the necessities of our extended commerce. We have already invaded countries new to us, and still they were not new. Their habits of business and methods and channels of interchange have been established for hundreds of years, and this fact, together with perhaps other good reasons, will make it a labor of time and wisdom to secure the general payment of balances in New York or Chicago exchange instead of sterling exchange. It may be interesting to you to speak for a moment of the great growth that has taken place in the republic of Mexico since 1863, and for this reason I have obtained some data and a few statistics, assisted by Señor Enrique C. Creel, of Chihuahua, the leading commercial spirit of Mexico, and Lic. Joaquin D. Casasus, of the City of Mexico, the leading authority of Mexico on finance, and author of many of the laws concerning banking. If I read all these to you it would consume some seven or eight minutes of time, but perhaps they would be of special interest, after all.

Statement by Señor Enrique C. Creel, of Chihuahua, August 1, 1901.

"The first bank was established in the City of Mexico in 1865, under the name of 'Bank of London, Mexico and South America.' This bank was a branch of the parent institution,

established in London, with branches in Mexico and Peru. The Bank of London, Mexico and South America never published a statement of its business, and its capital was not known, but it is believed that it was not over \$500,000. This bank was very prosperous, and has been increasing its capital from time to time. In 1885 it was re-organized under the name of Bank of London and Mexico as an independent institution from the Bank of London, Mexico and South America, which has continued doing business in London. The capital of the Bank of London and Mexico in 1885 was \$1,500,000, and since then the capital has been increased to \$15,000,000, with a surplus of \$4,750,000.

"The second bank, 'Banco de Chihuahua,' was established in the city of Chihuahua in 1876, with a capital of \$100,000. This bank did also a prosperous business.

"In 1881 the 'Banco Nacional Mexicano' was established in the City of Mexico, which bank was consolidated with another bank, established in 1883 under the name of 'Banco Mercantil de Mexico.' The consolidated bank was then called 'Banco Nacional de Mexico,' and was organized with a capital of \$20,000,000.

"After 1884 other banks were established in the different states of the republic from time to time, and it was not until 1897 that the first banking law was issued in Mexico, and since then most of the banks now in existence have been established.

"Banking in Mexico has been a safe, conservative, sound business, and its growth has been of great assistance to the development of the country. Before there were any banks in the republic, the rate of interest was as high as 2% per month, and the exchange from one place of the republic to another was as high as 12%. Condensing in figures the development of the banking business in Mexico, I will give the following information as represented by the assets of all the banks of the republic:

1865.....	\$ 1,000,000.00	1899.....	\$210,295,000.00
1878.....	5,000,000.00	1900.....	259,264,000.00
1885.....	30,000,000.00	May 31, 1901.....	262,057,253.51
1893.....	92,800,296.97	July 31, 1901.....	270,141,624.28
1898.....	176,198,000.00		

"The stock of silver money carried by the banks of Mexico has been as follows:

1865.....	\$ 500,000.00	1899.....	\$48,719,000.00
1878.....	2,000,000.00	1900.....	55,344,000.00
1885.....	10,000,000.00	May 31, 1901.....	53,913,411.00
1893.....	18,921,037.68	July 31, 1901.....	59,590,999.00
1898.....	40,613,000.00		

" Previous to 1897, as I have mentioned before, there was no banking law in Mexico, and some of the banks operated under federal charters and others under state charters, but since March 19, 1897, all of the banks of Mexico are under the federal banking law and under the supervision of the federal government. The department of finance appoints a bank examiner for every one of the banks; every bank passes an examination once a month; the statement of the bank is published in the official newspaper of the City of Mexico and in all of the official newspapers of the different states of the Union. Something which is very remarkable is that a bank has never failed in Mexico, while in the United States, as you know, 393 national banks have failed since 1863, representing a capital of \$65,477,420.

"The banks of Mexico have paid dividends on an average of 10%, besides carrying \$13,840,499.54 as surplus or undivided profits.

"In the United States the average has been 7.86%.

"At present the total amount of money, silver and paper currency in circulation in this country is as follows :

Silver held by the banks.....	\$ 59,500,000.00
Silver held by merchants and others.....	50,000,000.00
Bank notes in circulation.....	<u>73,000,000.00</u>
	\$182,500,000.00

which amount is about \$13 per capita. In the United States you have \$26.21 per capita, and in Great Britain, \$17.46. The interest on money has been reduced in the City of Mexico to 8% per annum, and in the different states of the Union to 10% per annum. The tendency is to lower the interest to 7% per annum in the City of Mexico and to 8% in the states, which will very likely be done in the next twelve months.

"The circulation of bank notes is guaranteed as follows:

"First—It is a first lien on the assets of the bank.

"Second—By a deposit in silver of 50% of the total amount in circulation, which is held by the banks on deposit, and subject at any time to the examination of the finance department, through its different agents and bank examiner.

"The exchange from one city to another, which at one time was as high as 12%, is at present on an average of one-fourth of 1%. The bank notes circulate freely all through the republic at par, and the banking facilities are excellent, although more money is needed in Mexico to develop its natural resources. The people of Mexico are just starting to receive a banking education, and the use of the check system, which was unknown some twenty years ago, is now in general use.

"It has been somewhat difficult to educate the people to save money and to make any deposits with the banks, but a progress is noticed in this line, and the total amount of deposits in the banks has been increasing as follows:

	Sight Deposits.	Time Deposits.
1893	\$ 1,000,000.00	\$27,946,727.00
1898	1,937,000.00	62,058,000.00
1899	1,702,000.00	79,324,000.00
1900	4,407,000.00	98,687,000.00
May, 1901	11,107,463.00	88,422,000.00
July, 1901	11,828,541.00	92,793,335.00

"You will notice that the time deposits are the heavier, because the people of this country are using the banks to place money at interest on six months' and twelve months' time. The authorized capital stock of twenty-four banks established in Mexico is \$78,300,000, against \$662,947,865 which your 3,571 national banks represent in the United States. As Mexico has great natural resources which are not developed yet, they need a good deal of money, and very likely the authorized capital of the banks will be increased very materially in the next ten years.

"So that you may judge of the growth of Mexico from other sources independent of banking, I will now say a few words as to RAILROADS.

"The mileage of railroads in Mexico is represented by the following figures:

1873	359 miles.	1890.....	6,037 miles.
1880	670 " "	1894.....	6,888 "
1883	2,304 " "	1900.....	10,100 "
1888	4,106 " "		

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"Just at this moment I am not able to report the total amount of earnings of all of the Mexican railways, but I will mention the gross earnings of the Mexican Central railway, which is one of the most extensive systems. The figures are as follows:

1885	\$ 3,559,560.00	1898	\$13,588,966.00
1888	5,774,331.00	1899	15,602,000.00
1890	6,425,694.00	1900	17,223,878.00
1895	9,495,865.00		

REVENUE OF THE MEXICAN GOVERNMENT.

"The revenue of the Mexican government will also give you an idea of the growth of the country:

1881	\$30,466,093.00	1895	\$50,521,470.00
1883	37,621,065.00	1897	52,697,984.00
1887	40,962,045.00	1900	64,261,076.00

"The Mexican government is having a surplus every year of about \$6,000,000 over expenses.

REVENUE OF THE MEXICAN STATES.

1884	\$ 9,614,261.00	1895	\$17,131,917.00
1887	11,923,413.00	1900	20,000,000.00
1890	14,141,158.00		

REVENUE OF THE MUNICIPALITIES OF MEXICO.

1884	\$ 6,626,511.00	1895	\$12,299,238.00
1887	8,751,112.00	1900	14,000,000.00
1890	11,226,349.00		

CUSTOM HOUSE RECEIPTS.

1870	\$ 7,239,880.00	1890	\$22,454,154.00
1875	9,271,269.00	1896	22,345,694.00
1880	11,788,510.00	1900	24,000,000.00
1885	15,445,571.00		

EXPORTS.

1885	\$46,670,845.00	1895	\$ 90,854,953.00
1887	49,191,930.00	1898	138,478,126.00
1890	62,499,388.00	1900	150,056,360.00

TRADE BETWEEN MEXICO AND THE UNITED STATES.

EXPORTS TO THE UNITED STATES.

1877	\$12,340,989.00	1890	\$ 44,983,086.00
1880	14,158,191.00	1895	79,651,695.00
1885	25,429,595.00	1900	100,000,000.00

IMPORTS FROM THE UNITED STATES INTO MEXICO.

1872	\$ 5,231,255.00	1895	\$20,145,763.00
1893	14,351,785.00	1900	35,150,000.00

N. B.—These items of importation are in United States currency.

" It is proper to say that the business intercourse between the United States and Mexico is increasing very rapidly. The feeling in Mexico is very much in favor of developing international enterprises, and the American capital and energy is well received in the business community of Mexico.

MINING.

" The coinage of Mexico from the establishment of the mints in 1537 to the end of the fiscal year of 1900, is as follows:

Colonial epoch.....	1537 to 1821.....	\$2,151,581,960.00
Independence.....	1822 to 1873.....	809,655,251.00
Republic.....	1873 to 1896.....	644,346,066.00
Total.....		\$3,605,583,277.00

" This figure represents about 80% of the full amount of the silver in circulation all over the world. The yield of the mines in Mexico fifteen years ago was \$40,000,000. The yield at present is about \$100,000,000.

POSTAL SERVICE.

" The following will give an idea of the growth of this important branch, which is so closely connected with the development of a country :

	Postoffices.	Postal Agencies.
1877	53	269
1888	356	719
1892	356	1,430
1895	469	1,471
1900	539	1,972

" The total number of pieces distributed by the mail in 1878 was 5,169,892, while in the year of 1896 the number increased to 24,000,000, and in 1900 the number was 134,631,009. During the colonial epoch the postage for every letter was from 25c. to 37c. with an extra charge of \$2 for a registered letter. At present the postage is 5c. over the American continent and 10c. to Europe.

" It would be rather tiresome if I should continue to give figures on every branch of business, but I wish to say that the

same mark of progress is found everywhere, and very few countries, outside of the United States, are progressing at present as rapidly as Mexico is, taking everything into consideration and looking back to the condition of things in Mexico twenty years ago. One of the wise steps which has been taken lately by the Mexican government to give facilities to the mercantile community is the establishment of bonded warehouses, where merchandise can be deposited without paying the importation duties, until such time as the goods are taken out of the bonded warehouses.

"Besides, the bonded warehouse company is authorized to make loans to the merchants on the goods deposited in the bonded warehouses, and with these new facilities it is to be expected that the volume of importation will be increased very materially, as with the same capital the merchants will be in a position to transact two or three times the volume of business which they could control heretofore.

"We have less failures in Mexico, in proportion to the volume of business, than perhaps in any other country. The people of Mexico are of a conservative disposition, and, although sometimes a little slow in paying their obligations, yet, as a rule, they pay everything, and the losses of the merchants and bankers are very light.

"If you take the history of the Banco Minero as an example, we have never lost any more than \$10,000 per annum for bad debts, which speaks well, inasmuch as our loans amount to over \$8,000,000.

"In Chihuahua in the last five years the total amount of failures are nine in number, and the amount involved not over \$100,000 altogether.

"The reason why in Mexico goods have to be sold at four months' time and six months' time is because the connections are yet slow outside of the railroad lines, and with the country people it is the custom for them to pay their debts out of their crops. We harvest wheat in May and corn in December, and in this way the income of the farming people comes only twice a year.

"It is the custom of the small merchants in the country towns to sell at three or four months' time, and for this reason they have to buy on six months' time, so as to make the two ends meet.

"I wish to speak in the highest terms of the character of the people of Mexico, as a whole, regarding its credit, because there is a very deep feeling as to the principles of honorability, and so much so that whenever a man fails he can never again replace his credit, because a failure is considered as a disgrace to his name and to his honor.

"I have not spoken of the great number of schools which have been established in Mexico, because it was my intention to show the growth of wealth and of business, and not the intellectual progress of this country, which is also very remarkable."

Statement by Lic. Joaquin Casasus, of Mexico City.

"MEXICO, September 12, 1902.

"MR. VOLNEY W. FOSTER, CHICAGO:

"I have just received your favor of the 5th inst., in which you ask me to write you a letter explaining the financial situation of the Mexican republic, as well as the development that in the last few years it has acquired in commerce, industry, banking institutions, and in one word, the resources that show the increasing prosperity of our national life.

"The purpose for which you request me to write that letter is to read it in the coming meeting of the Credit Men's Association, composed of the most important and distinguished business men of that prodigious commercial center that is called Chicago.

"With pleasure I hasten to comply with your desires, not only because it is always a pleasure for me to write to you, but also because we Mexicans ought never to lose an opportunity to inform our friends of the great American republic of the prosperous condition in which Mexico now finds herself, and the ample field for the investment of capital that is offered by our commerce, industries and institutions of credit.

"But few examples can be found among the countries of Latin America of so rapid and increasing a prosperity as that which Mexico has presented during the last few years.

"There is nothing that better shows the condition of a nation than a statement of the public revenues, because as all the citizens contribute to the public expenses in proportion to their own wealth, whenever these resources are increased there

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is a proportional increase in the national revenues. I therefore present some statistical data that I think will show the progress made:

YEARS.	Revenues.	Expenditures.
1894 to 1895.....	\$46,907,123.16	\$45,610,279.92
1895 " 1896.....	50,521,470.00	46,069,413.72
1896 " 1897.....	51,500,628.00	47,554,920.50
1897 " 1898.....	52,697,984.55	50,581,983.98
1898 " 1899.....	60,139,212.84	52,672,448.19
1899 " 1900.....	64,261,076.39	58,309,932.00
1900 " 1901.....	62,998,804.63	58,940,895.00

"The above table shows the increase that has taken place in the last seven years in the federal revenues amounting to \$16,000,000, equivalent to almost 40%. The expenditures have also increased \$13,000,000, equal to 30%.

"International trade has followed the same upward progress as the national revenues during the period from 1889-90 to 1898-99, as can be seen from the following table:

EXPORTS.

YEARS.	Totals.	YEARS.	Totals.
1889 to 1890.....	\$61,774,054	1894 to 1895.....	\$ 90,841,531
1890 " 1891.....	63,236,658	1895 " 1896.....	105,223,417
1891 " 1892.....	75,353,864	1896 " 1897.....	111,322,874
1892 " 1893.....	87,495,772	1897 " 1898.....	128,763,697
1893 " 1894.....	79,306,572	1898 " 1899.....	138,504,789

"We therefore find that during this period of ten years the exports were more than doubled.

"Although the value of the imports has not amounted to the same figures as that of the exports, there has been an increase of about 80%, as can be seen from the following table:

IMPORTS.

YEARS.	Totals.	YEARS.	Totals.
1893.....	\$36,199,357	1897	\$39,205,627
1894.....	30,218,948	1898	45,509,225
1895.....	36,245,047	1899	56,189,634
1896.....	46,977,735		

"I must call your attention to the remarkable importance of our national trade with the United States, which absorbs almost our entire exports, and from which we buy more than 50% of our entire imports.

"During the last three years of 1897-98 to 1899-1900 our import and export trade with the United States has been as follows:

YEARS.	Imports.	Exports.
1897 to 1898.....	\$21,490,604	\$ 94,976,786
1898 " 1899.....	24,164,687	103,553,486
1899 " 1900.....	31,026,415	116,110,604

"But nothing can give a more correct idea of the business done in the republic than the amount of capital that has been dedicated to the establishment of banks of all kinds, and the increase in the bank note circulation and in the loans that figure in the assets of those banks.

"The increase in the paid-up capital of the banks has been as follows:

In 1896	\$23,010,000.00	In 1899	\$39,354,300.00
" 1897	24,970,000.00	" 1900	55,529,100.00
" 1898	29,295,000.00	" 1901	61,400,000.00

"The progress shown in the discount business with merchants and manufacturers is shown by the following comparison of the figures presented in the month of December of each of the years 1896, 1897, 1898, 1899, 1900 and June 30, 1901.

"The discounts and loans amounted to —

In 1896	\$47,335,000.00	In 1899	\$113,448,000.00
" 1897	65,712,000.00	" 1900	127,231,000.00
" 1898	79,449,000.00	" 1901	125,760,000.00

"The circulation of bank notes has every day increased more and more among the different classes of the community, although without losing any of its natural guarantees, but on the contrary, the total issue is now secured by a total cash balance of a much higher proportion.

"The circulation of bank notes amounted as follows:

In 1896	\$37,967,000.00	In 1899	\$63,197,000.00
" 1897	44,792,000.00	" 1900	64,012,000.00
" 1898	54,372,000.00	" 1901	63,505,000.00

"The bank note circulation was always in excess of the cash balances, the ratio of the excess being as follows:

In 1897.....	30 per cent	In 1900.....	25 per cent
" 1898.....	40 "	" 1901	12 "
" 1899.....	25 "		

"Mexico has, therefore, good reason to be perfectly satisfied with the progress made, as clearly shown by a comparison of the different balance sheets of its bank of issue.

"The situation of all the banks of the republic, as shown by the general balance of July 31, 1902, is as follows:

ASSETS.	
Unpaid capital.....	\$ 4,354,150.00
In coin.....	\$65,065,398.91
In notes.....	<u>8,053,348.00</u>
Cash on hand	73,118,746.91
Bills receivable	108,895,354.53
Loans on collateral	41,017,704.43
Mortgage loans	15,925,067.47
Negotiable paper.....	7,998,644.72
Current account debtor balances	72,102,137.69
Real estate.....	<u>2,356,706.92</u>
Total assets.....	\$325,768,512.67
LIABILITIES.	
Share capital	\$ 84,050,000.00
Bank note circulation.....	93,008,002.00
Sight deposits.....	16,266,765.95
Current account credit balances.....	116,077,408.66
Reserve funds.....	<u>16,371,336.06</u>
Total liabilities	\$325,768,512.67

"The progress of the banks is undoubtedly due to the beneficent action of the law of March 19, 1897, which has permitted the creation of banks of issue, mortgage banks, etc., and also to the good customs of our commercial classes, the regularity which they observe in their transactions, and the credit facilities that are granted by the banks. It is the invariable custom of the merchants of Mexico, and one that has been followed by all the banks, to grant credits on current accounts, or on six months' notes.

"The difference between the system followed in Mexico and those of Europe or the United States consists in the long credit given to traders, and this credit finds its support

in the customs of the commercial classes, who sell to their customers with that credit. If the merchants in selling their goods grant that credit to their customers, it becomes absolutely necessary for the banks to place themselves in such a situation that they can also lend to the merchants on six months' time.

"In order to demonstrate the excellence of this system, and the good results that it has produced, I need only inform you that no bank has ever failed, and that the failures among the commercial houses of the republic never exceeded ten in the last years.

"The traders of Mexico have distinguished themselves for their unquestionable rectitude, which is based on their prudence, as well as the good judgment and discretion with which they carry out their transactions. The wild speculations that in the United States are produced by what is called 'inflation,' or business booms, are entirely unknown in Mexico.

"Mexico is a young country that has only recently made its appearance in commercial life, and in view of its exceptional conditions, its increasing prosperity, the solvency of its trade, the able administration of its banking interests and the unalterable peace that reigns throughout the entire extent of its territory, offers an ample field for the investment of American capital, and is certain to derive enormous profits here.

"With my thanks to you for bringing this letter before the Credit Men's Association, and begging that you will excuse the haste with which it is written, in view of the urgency of your request and the short time I have had at my disposal, I remain,

Yours very sincerely,

JOAQUIN D. CASASUS."

Some Notes from Commercial Code of Mexico.

Married women, expressly authorized by their husbands in public writing, may engage in commerce, and may mortgage their real estate and other property.

Certain persons cannot engage in commerce; among them those who have been condemned for offenses against property, including forgery, embezzling, bribery and conspiracy.

Foreign merchants and companies doing business in the republic are subject to the code.

MERCHANTS are required to publish through the press the class of business, with its essential circumstances, etc.; to record in the public registry all documents concerning their business which the public is interested in; to keep strict and accurate accounts, and preserve correspondence for ten years which affects their business.

A mercantile register is kept in the principal town of the domicile of the merchant, in which is given the name of the merchant, either individually or the company or partnership; the class of business which he intends to do; the date of commencement; if it be a company, its constitution, etc.; if a corporation, the minutes of general meetings, the power, etc., of all agents and employes; if a minor, his declaration of age and emancipation; if a woman, her marital license, etc.; all public writing, deeds, etc., showing the ownership of a wife's property and affecting the separation of interests between married couples; documents showing what patrimony or property may be owned by any child or ward of the merchant; the issue of shares, bonds and obligations of either companies, corporations or individuals, together with the property of any kind affected by the issue. This register is public, and is open to inspection of any one who may demand literal proof of the whole record or any part of it.

Every merchant is obliged to keep at least three books—a book of inventories, day-book and ledger in the Spanish language. No alteration or erasure is permitted. Any error must be corrected by new entries. The book of inventory must contain an exact account of all assets in detail, and all debts and obligations of every kind. This must be done annually. The books must show accurately all money withdrawn from the cash box by the merchant for his private use. A penalty of not less than \$50, or exceeding \$300, is imposed for failure to keep books in the manner prescribed. These books must be produced at any time when called upon by the authorities, for the purpose of ascertaining if they are properly stamped, and are subject to examination and delivery at any time in case of legal proceedings.

The laws are especially strict with regard to the operations of brokers and factors, brokers being required to have a license as such, and give security for the proper discharge of any trusts.

Unlawful agreements give rise to no obligation, even when they involve commercial obligations. Mercantile contracts are perfected by correspondence, either telegraphic or by mail, and when once entered into in such manner are enforceable.

In case of the formation of companies or societies with special partners, full and detailed statements are required to be published, showing the exact amount of capital contributed, and whether in cash or otherwise. In case of partnership no limitation upon the liability of partners exists as against third parties.

The code of procedure for the enforcement of commercial contracts contains many strong features. The merchant's books on either side prove themselves. Neither the debtor nor any of his family or employes are permitted to testify. No judge in any way related to the parties, or who does business with them, or whose family are in any way indebted to them, or are guarantors for them, or who himself or his relations have a pending suit of similar character, is competent to assume jurisdiction of the case. In various ways the creditor is protected against trumped up testimony, or being brought necessarily before a court that has any interest, direct or remote, or any cause for being biased or prejudiced in the case.

Notwithstanding these remarkable evidences of prosperity in the republic of Mexico, I do not recommend foolish people to go there hoping to better their condition. Calamities will pursue them. I firmly believe that a fool carries with him the holes into which he falls. The government of Mexico, as now firmly organized, is very strong and very benevolent. Even to the amateur student of history there is the greatest interest in the early civilization of that country and the changes that have come to it. It was much more thickly populated than our territory, and its Indians are of quite a different type. Its civilization was much advanced when the Spaniards found them. They knew the arts of weaving and of cultivation of the soil. They knew how to build well and to cut, polish and ornament the stones which they used in construction. The canal that dates from the time of Montezuma still remains, and at its head and in that vicinity are now 55,000 inhabitants not much touched by the changes that have come to the cities of Mexico. The Spaniard of the invasion was a great man, and they were inspired by

great motives. Montaigne, who was contemporary with Cortez, said that their invasion was a war to secure pearls and pepper. This may have been partly true, but it would not explain the devout energy and art that constructed great and beautiful cathedrals, leaving out nothing of their ornaments, and placing them where a simple people, somewhat stolid, would surely not appreciate them nor be influenced by them. Standing at the church of Coyacan and learning of the date of its construction, being among the earliest, if not the earliest, in Mexico, I was impressed by this thought. The Indian of Mexico differs from those of our country, in that he has a very considerable knowledge of harmony and of melody, and exercises it in every hamlet and village on some musical instrument. Their countenances are rather sad, but they are not vicious, and I do not believe, from my observations, that they are at all possessed with a spirit of envy. I believe that it will be profitable to you to study Mexico and the other republics of this hemisphere, and this you can do through the books already published and easily to be obtained in translations. The books to which I refer would be the commercial code, the banking, mining and agricultural laws and those on kindred subjects; also the monthly bulletin of the Bureau of American Republics, published in Washington. This Bureau is doing excellent work as the agent of all the republics of the hemisphere. It is ably managed under a complete civil service organization. From it you can obtain information on almost any commercial subject concerning any of the republics. The Mexican *Herald* is published daily in the City of Mexico, and I receive no paper from which I get more valuable information, and in which I find better literature than in this paper. Its editor is an American who I think is enjoying his labor. Mr. Guernsey is a versatile man, and I have read editorials of his that would not have appeared incongruous if found under the covers of Thomas Carlyle's books; and others again that vied in beauty of expression with that masterpiece of Johnson's, "Rasselas." It publishes all current events and vital statistics of the republic. I recommend you to subscribe for it. I hope the time will shortly arrive when we shall know as much about Mexico as the Mexicans know about us, but to accomplish this we will have to make better progress than we have done in the past.

These comprehensive statements by Señor Creel and Lic. Casasus suggest that we consider for a moment the trade of the United States in the markets of the world.

Begging your further indulgence, I will submit the following table of imports and exports for the past four years :

COMPARATIVE STATEMENT OF IMPORTS AND EXPORTS OF THE
UNITED STATES DURING THE YEARS 1899, 1900, 1901
AND 1902, ENDING JUNE 30 OF EACH YEAR.

EUROPE.

	1899.	1900.	1901.	1902.
	Dollars.	Dollars.	Dollars.	Dollars.
Imports	353,884,534	440,509,480	429,436,180	475,229,366
Exports	936,602,093	1,040,167,312	1,136,092,260	1,008,108,221
Excess in favor of the United States.....}	582,717,559	599,657,832	706,656,080	532,878,855

NORTH AMERICA.

Imports	112,150,911	129,939,875	145,161,044	151,102,714
Exports	157,931,707	187,299,318	196,570,118	203,853,804
Excess in favor of the United States.....}	45,780,796	57,359,443	51,409,074	52,751,090

SOUTH AMERICA.

Imports	86,587,893	93,635,134	110,329,667	119,785,319
Exports	35,659,902	38,945,721	44,770,888	38,074,292
Excess in favor of South America	50,927,991	54,689,413	65,558,779	81,711,027

ASIA.

Imports	107,091,214	139,817,023	117,519,955	129,621,549
Exports	48,360,161	64,913,984	49,402,814	63,960,148
Excess in favor of Asia.	58,731,053	74,903,039	68,117,141	65,661,401

OCEANICA.

Imports	26,997,877	34,596,042	11,272,711	14,166,857
Exports	29,875,015	43,390,927	35,377,176	34,255,941
Excess in favor of the United States.....}	2,877,138	8,794,885	24,104,465	20,089,084

AFRICA.

Imports	10,436,060	11,217,156	8,953,454	13,421,236
Exports	18,594,424	19,469,109	25,542,301	33,466,995
Excess in favor of the United States.....}	8,158,364	8,251,953	16,588,847	20,045,759

THE UNITED STATES IN THE WORLD'S TRADE—GRAND TOTAL.

	1899.	1900.	1901.	1902.
Imports	Dollars. 697,148,489	Dollars. 849,714,670	Dollars. 822,673,016	Dollars. 903,327,071
Exports	1,227,023,302	1,394,186,371	1,487,755,557	1,381,719,401
Excess in favor of the United States	529,874,813	544,471,701	665,082,541	478,392,330
Total balance of trade for the last four years in favor of the United States				2,217,821,385

While by the foregoing tables it will be seen that the balance of trade with the world aggregates largely in our favor, our imports from South American republics largely exceed our exports to those countries. We also buy more from Central America and Mexico than they buy from us.

Germany, with her splendid equipment of a department of commerce and efficient consular service, has long had the lion's share of trade with the Latin-American republics. However, our trade with those countries is increasing, and when congress shall have created a department of commerce, and re-organized our consular service on a strictly civil service basis, we shall lay strong hands on a commerce which has ever been our natural birthright.

I think that an excellent step has been taken by the National Business League, of this city, which has, through the diplomatic representatives of the Latin-American republics, secured the names of prominent merchants, manufacturers and men of affairs in the most prominent cities of the various republics, and has elected them, with their consent, as advisory members of this League. This will let them into court to make such arguments as they can touching proper international trade relations. The conference that was held in Mexico last winter gave excellent opportunity for the interchange of ideas between the representatives of all of the republics of America, and it was pleasant to discover that there were no great differences in our aspirations or in our conceptions of the ethics of right living and honorable dealing. It is customary for European commercial houses dealing with Latin-America to extend longer credits than we are in the habit of giving, but the cost of such accommodation is in every case paid by the creditor, and sometimes the conveniences that he enjoys at the price obtained are a source of additional profit to the commercial house with which he deals. I firmly believe that the organization of the new

department of commerce, which is certain to take place during the next session of the present congress, will prove of very direct and extraordinary benefit to the merchants of our country. I believe if our government should accredit a genuine commercial agent to each considerable city of every commercial nation, it would be an act entirely consistent with the spirit of the age. After all, knowledge is the most valuable asset of humanity, and of a complete knowledge of other commercial nations we lack much. The duties of such commercial agent would be easily prescribed, and would all bear relation to the extension of our trade and the systematic accumulation of valuable knowledge concerning the neighborhood to which he was accredited. I can see in our future only reason for hope and great rejoicing. The statistics of our trade, entirely familiar to all, are a sufficient evidence on which to found this hope. The mixed blood of our people and the intellectual and moral atmosphere, together with our unbounded opportunities, offer this last best chance for the growth and development of every human excellence. The genius of invention and adaptation seems to have its home particularly here, and those of us who with some difficulty have learned to think of counties and states instead of the small circle of a neighborhood, stand aghast at the boldness of those who in our commercial world have learned to think of nations and of the whole world's needs. This is only a confirmation of the prophecy of the solidarity of society, and when the principle of co-operation which, in its present manifestation serves only a part of society, shall become universal, the psalmist may sing a new song and the sons of men will deserve to be called by a new name. In the startling procession of events now upon us and yet to come, there will be much that is incongruous and not harmonious, but the upper tone of these activities "speaks of hope and halcyon days to come." We have here at work a mighty force that may not now be stayed. We are realizing the harvest of the earlier years of our national life, of which the public school is so large a part, 15,000,000 children now being well taught in these academies. Grant this, and who can prophesy the glorious outcome? More than 200,000 per annum graduating from our higher educational institutions and places of technical instruction! What an army! And not less, and perhaps more of certain insurance to our future, are

the many thousands of well taught, God fearing, well disciplined young women who are receiving the advantages of our best educational institutions. What a galaxy of mothers that is to be ! What a progeny will be theirs! And these benefits and advantages cannot accrue to this nation alone. I believe that it is true of nations as of individuals, that those who live to themselves alone do not deserve to live at all. But we need not consider this, as the very nature of our growth and development will compel consideration for all the parts of the earth with which we must come in touch, urged by their necessities and our necessities to a common interest. Wonderful things have happened in the last few years. Our boundaries have been changed, our opportunities and equally our responsibilities have increased. Urged by as righteous indignation as ever moved a nation, we have become torch bearers to dark places, and the few evil incidents that have accrued in our administration of this trust have been made more odious by the other magnificent incidents and manifestations of patience and courage and wisdom and gracious helpfulness. I do not believe that at any time since the birth of the Man of Nazareth the spirit of His Gospel has been so much alive as it is to-day, and that nowhere are its manifestations more evident than in our own beautiful country. We are acting in obedience to the great law of the soul's gravitation, and grasping hands are loosened of their burden as we raise them in reverent adoration to this great light. What an opportunity to direct nations to happiness and peace, "to steal from them," as has been said, aye, to steal away despair and to set hope, radiantly beautiful hope, in its place ! To steal ignorance and give wisdom ; to steal disease and kill its horrid germs ; to steal all that makes for misery and to give all that makes for happiness. With what lightning speed have these changes come ! Riding upon this vehicle of civilization as we are, we cannot estimate its rapid progress. And among those who must be in the vanguard to meet these enlarged conditions are the gentlemen of your Association, who have already systematized the method of extending credits, and rendered signal service to commerce in the improvement and amendment of our bankruptcy laws. It is sincerely to be hoped that the changes that you now seek in that law may be successful, as I firmly believe they ought to be.

For our sure success we shall be indebted, not alone to our advantages, but quite as much to the limitations of those with whom we compete. As has been said by one of our great thinkers—"God has written anew the history of the world on this last sheet of white paper." Class distinctions, hereditary rulers, involved and complicated laws, the enormous cost of respective governments, all act as a hindrance to the best results of the labors of other nations. Class distinctions have builded fences, inside of which the owner has rotted, and outside of which the people have suffered, for mankind's best faculties it owns that which it can see from unhindered windows. It seems to me almost a hopeless problem to those who would now essay to overtake us in this race. It may be that those philosophers are right who declare that there are no straight lines, but that every line has in it the arch of its own curvature. If this be true, we are certainly traveling in a large circle, so large that surely now it cannot be determined that it is not a straight line. I look for many changes in the forms and administration of government of the eastern hemisphere. They are changing. The art of concession is and must continue to be the art of government, and to those who practice it most intelligently there will be the longest tenure of life. I think it augurs poorly for a nation that on special occasions turns its people into fields of picturesque foliage, and that perhaps through such weaknesses they are subjecting themselves to the perils of foliage.

Blessed be commerce. She is the greatest of missionaries. All her products the result of peace. Her messages are of good will and peace to all mankind. Her hieroglyphs need no translation. Torn and bleeding feet already know the law of shoes, and need but the opportunity to secure them. Commerce is to-day the best exponent of the Golden Rule. She is at war with every barrier to human freedom and human growth. She is a continuous, earnest advocate for the liberty of all mankind. She has wrought much. She has yet much to do. She has joined hands with those who have been the keepers of the ark of human liberties. She also has been a hearer and teller of the truth.



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